

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4431-01
Bill No.: HB 1800
Subject: Workers' Compensation; Employees - Employers; Labor and Management
Type: Original
Date: February 22, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>All</u> State Funds	Unknown	Unknown	Unknown

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **St. Louis County**, **Jackson County**, **St. Charles County**, **Boone County**, and the **City of Independence** did not respond to our fiscal impact request.

Officials from the **Department of Conservation**, **Office of the State Courts Administrator**, **Truman State University**, and the **Central Missouri State University** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **University of Missouri** assume the proposal would positively impact the University although an exact fiscal impact is difficult to measure.

Officials from the **Southwest Missouri State University (SMS)** did not respond to our fiscal impact request. However, in response to a similar proposal from the current session, SMS deferred to the Office of Administration for the fiscal impact of this proposal as the SMS's Workers' Compensation program is administered by the Office of Administration's Central Accident Reporting Office.

Officials from the **City of St. Louis** assume the proposal could potentially reduce Workers' Compensation costs in certain instances, resulting in an estimated savings of \$75,000 to \$100,000 annually.

Officials from the **City of Jefferson City** and the **County of Greene** state the proposal could potentially result in a substantial savings although an actual amount is difficult to estimate.

Officials from the **City of Springfield (COS)** did not respond to our fiscal impact request. However, in response to a similar proposal from the current session, COS assumed the proposal would not affect revenues, costs, or losses. COS assumed the proposal would result in savings although they do not have the data to accurately project the amount of savings. COS noted, for particular cases, the savings could be substantial.

Officials from the **Department of Transportation (DHT)** assume the proposal would create a substantial cost savings to DHT's self insurance plan. DHT notes they are unable to estimate the cost savings.

Officials from the **Office of Administration - Division of General Services** assume the proposal will result in potential cost savings that cannot be determined at this time.

Officials from the **Department of Labor and Industrial Relations (DOL)** assume the fiscal impact ASSUMPTION (continued)

is unknown. DOL notes that the proposal would result in additional litigation over which employees are entitled to Workers' Compensation benefits. The Division of Workers' Compensation will likely need additional resources, such as administrative law judges, legal advisors, support staff, and administrative expenses, to handle the increase in litigation.

Oversight assumes if the DOL's Workers' Compensation caseload increases significantly, DOL could request additional resources through budget decision items.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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VARIOUS STATE FUNDS

Potential Workers' Compensation Savings	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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VARIOUS LOCAL FUNDS

Potential Workers' Compensation Savings	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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FISCAL IMPACT - Small Business

Small businesses may recognize a savings in the amount Workers' Compensation benefits paid as a result of passage of this proposal.

DESCRIPTION

Under current Workers' Compensation laws, an injury is work related if work was a substantial factor in its cause. This proposal requires that work be the dominant substantial factor in causing

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an injury before it will be considered work related. The proposal also limits workers' compensation recovery for the aggravation of a pre-existing condition to the extent that the work-related injury causes increased disability.

DESCRIPTION (continued)

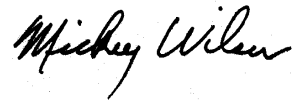
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Office of Administration - Division of General Services
Department of Transportation
Department of Conservation
Office of the State Courts Administrator
Greene County
City of St. Louis
City of Jefferson City
University of Missouri
Central Missouri State University
Truman State University

NOT RESPONDING

St. Louis County
Jackson County
St. Charles County
Boone County
City of Independence
City of Springfield
Southwest Missouri State University

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director

February 22, 2002